12-369

OCD Artesia

Form 3160-3
(April 2004)

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

JCS 9/20/2012

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: NMLC- 029395B

6. If Indian, Allotee or Tribe Name:

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.:

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.: LEE FEDERAL #056 <308720>

2. Name of Operator: APACHE CORPORATION

9. API Well No.: 30-015- 40730

3a. Address: 303 VETERANS AIRPARK LN #3000, MIDLAND, TX 79705

3b. Phone No. (include area code): 432-818-1167

10. Field and Pool, or Exploratory: CEDAR LAKE;GLOREITA-YESO (96831)

4. Location of Well (Report location clearly and in accordance with any State requirements.*)
At surface: 2300' FSL & 450' FWL
At proposed prod. zone: 2310' FSL & 990' FWL

11. Sec., T. R. M. or Blk. and Survey or Area: SEC: 17 T17S R31E

14. Distance in miles and direction from nearest town or post office*: APPROX 5 MILES EAST OF LOCO HILLS, NM

12. County or Parish: EDDY

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any): 450'

16. No. of acres in lease: 1786.15

17. Spacing Unit dedicated to this well: 40 ACRES

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.: ~ 422'

19. Proposed Depth: TVD~6400' MD~6430'

20. BLM/BIA Bond No. on file: BLM - CO - 1463 NATIONWIDE NMB 000736

21. Elevations (Show whether DF, KDB, RT, GL, etc.): 3704'

22. Approximate date work will start*: AS Soon as approved

23. Estimated duration: ~ 10 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature: Sorina L Flores — Name (Printed/Typed): SORINA L. FLORES — Date: 9/11/12

Title: SUPV OF DRILLING SERVICES

Approved by (Signature): /s/ Don Peterson — Name (Printed/Typed): /s/ Don Peterson — Date: SEP 18 2012

Title: FIELD MANAGER — Office: CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Roswell Controlled Water Basin

RECEIVED
SEP 20 2012
NMOCD ARTESIA

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
620 E. GREENE STREET
CARLSBAD, NM 88220

OPERATOR CERTIFICATION

I HEARBY CERTIFY THAT I, OR SOMEONE UNDER MY DIRECT SUPERVISION, HAVE INSPECTED THE DRILL SITE AND ACCESS ROUTE PROPOSED HEREIN; THAT I AM FAMILIAR WITH THE CONDITIONS WHICH CURRENTLY EXIST; THAT I HAVE FULL KNOWLEDGE OF STATE AND FEDERAL laws applicable to this operation; that the statements made in the APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S>C. 1001 for the filing of false statements.

Executed this 27 day of January, 2012

Well: LEE FEDERAL #56

Operator Name: APACHE CORPORATION

Signature: Bob Lange **Printed Name:** BOB LANGE

Title: Drilling Engineer Date:

Email (optional): bob.lange@apachecorp.com

Street or Box: 303 Veterans Airpark Ln., Ste. 3000

City, State, Zip Code: Midland, TX 79705

Telephone: 432-818-1114

Field Representative (if not above signatory):

Address (if different from above):

Telephone (if different from above):

Email (optional):

Agents not directly employed by the operator must submit a letter from the operator authorizing that the agent to act or file this application on their behalf.

DISTRICT I
1625 N French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax. (575) 393-0720
DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170
DISTRICT IV
1220 S St Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

X AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015- 40730	96831	Cedar Lake; Glorieta-Yeso

Property Code	Property Name	Well Number
308720	LEE FEDERAL	56

OGRID No	Operator Name	Elevation
873	APACHE CORPORATION	3704'

Surface Location

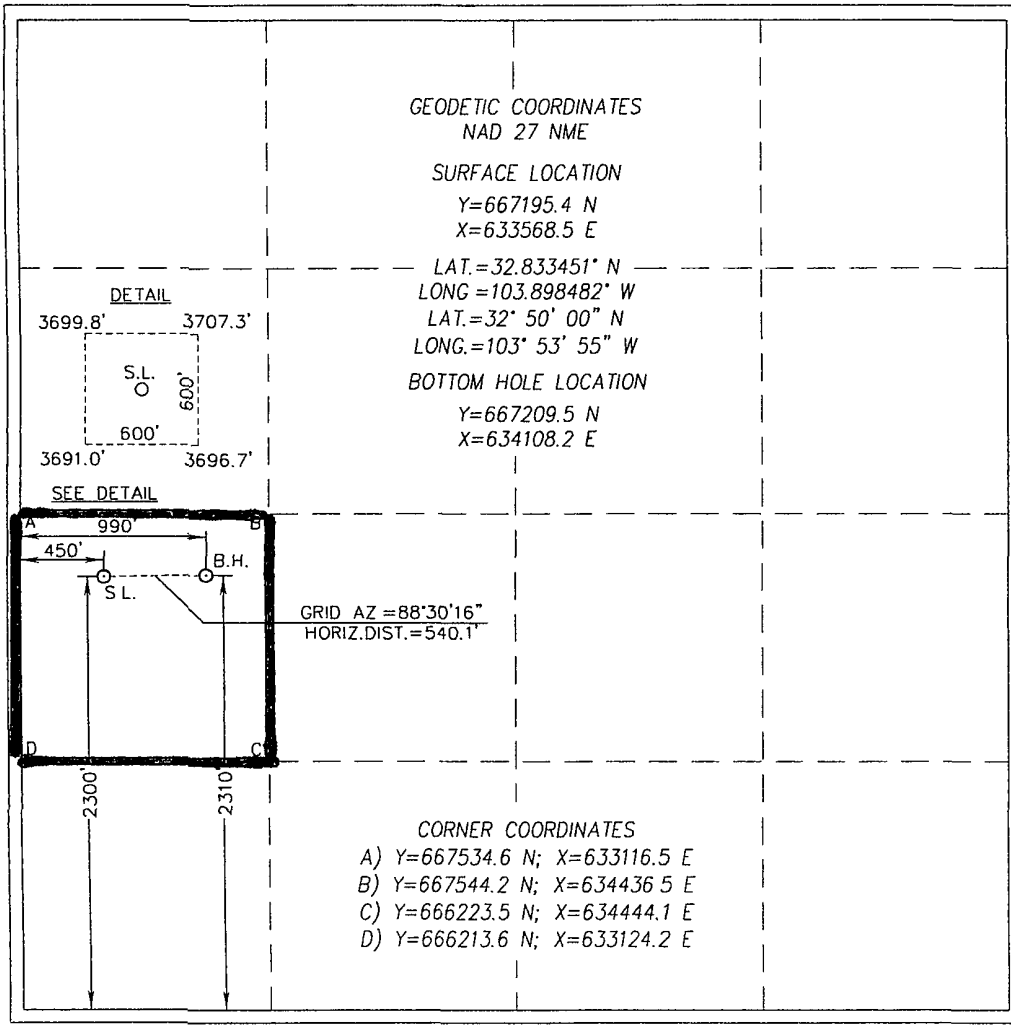
UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	17	17-S	31-E		2300	SOUTH	450	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	17	17-S	31-E		2310	SOUTH	990	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Sorina L. Flores 7/17/12
Signature Date

Sorina L. Flores
Printed Name

sorina.flores@apachecorp.com
E-mail Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief

November 8, 2011
Date of Survey

Signature & Seal of Professional Surveyor

GARY G. EIDSON NEW MEXICO 12641 REGISTERED PROFESSIONAL SURVEYOR

7/11/12

Certificate Number	Gary G. Eidson	12641
	Donald J. Eidson	3239

AF/DSR Rel WO# 110882 JWSC W.O.: 12 13 1050

DRILLING PLAN: BLM COMPLIANCE
(Supplement to BLM 3160-3)

APACHE CORPORATION (OGRID: 873) LEE FEDERAL #56

Lease #: NMLC-029395B Projected TVD: 6400' MD: 6430' GL: 3704'
SHL: 2300' FSL & 450' FWL BHL: 2310' FSL & 990' FWL UL: L SEC: 17 T17S R31E EDDY COUNTY, NM

1. GEOLOGIC NAME OF SURFACE FORMATION: Eolian/Piedmond Alluvial Deposits

2. ESTIMATED TOPS OF GEOLOGICAL MARKERS & DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

Eolian/Piedmont Alluvials	Surface	Queen	2351'
Rustler	178'	Grayburg	2696' (oil)
Salt Top	516'	San Andres	3062' (oil)
Salt Bottom	1271'	Glorieta	4546' (oil)
Yates	1452'	Yeso	4613' (oil)
Seven Rivers	1740'	TVD / MD	6400' / 6430'
Depth to Ground Water:	~ 91'		

All fresh water & prospectively valuable minerals, as described by BLM, encountered during drilling, will be recorded by depth and adequately protected. All oil & gas shows within zones of correlative rights will be tested to determine commercial potential. The surface fresh water sands will be protected by setting 13-3/8" csg @ 205' & circ cmt back to surface. All intervals will be isolated by setting 5-1/2" csg to TD & circ cmt above the base of 8-5/8" csg.

3. CASING PROGRAM: All casing is new & API approved

See COA

HOLE SIZE	DEPTH	OD CSG	WEIGHT	COLLAR	GRADE	COLLAPSE	BURST	TENSION
17-1/2"	0' – ~~205'~~ 380	13-3/8"	48#	STC	H-40	1.125	1.0	1.8
11"	0 ~~205'~~-3500'	8-5/8"	32#	STC	J-55	1.125	1.0	1.8
7-7/8"	0 ~~3500'-6400'~~ 6430	5-1/2"	17#	LTC	J-55	1.125	1.0	1.8

4. CEMENT PROGRAM:

See COA

A. 13-3/8" Surface (100% excess cmt to surf) Cmt with:
Lead: 240 sx Class C w/ 1% CaCl2, 0.25% R38 (14.8 wt, 1.34 yld)
*Compressive Strengths : **12 hr** – 813 psi **24 hr** – 1205 psi*

B. 8-5/8" Intermediate: (100% excess cmt to surf) Cmt with:
Lead: 670 sx (35:65) Poz C w/ 6% Bentonite, 5% Salt, 0.25% R38 (12.4wt, 2.1 yld)
*Compressive Strengths: **12 hr** – 589 psi **24 hr** – 947 psi*
Tail: 210 sx Class C w/, 0.25% R38 (14.8 wt, 1.34 yld)
*Compressive Strengths: **12 hr** – 813 psi **24 hr** – 1205 psi*

C. 5-1/2" Production: (35% excess cmt; TOC: ~500' from surface) Cmt with:
Lead: 300 sx (65:35) Poz C w/ 5% Salt, 0.25% R38, 6% Bentonite (12.4 wt, 2.1 yld)
*Compressive Strengths: **12 hr** – 540 psi **24 hr** – 866 psi*
Tail: 700 sx (50:50) Poz C w/ 5% Salt, 0.25% R38, 2% Bentonite (14.2 wt, 1.28 yld)
*Compressive Strengths: **12 hr** – 1379 psi **24 psi** – 2332 psi*

*** **The above cmt volumes could be revised pending caliper measurement from open hole logs.** For Surface csg: If cmt does not circ to surface, the appropriate BLM office shall be notified & a tag with 1" will be performed at four positions 90 degrees apart to verify cmt depth. If depth is greater than 100' or water is standing in the annulus, remedial cementing will be done. If no water & TOC tag is less than 100', when 100% excess cmt of the annulus volume is run on the primary job, ready-mix will be used to bring cmt to surface.*

5. PROPOSED CONTROL EQUIPMENT

"EXHIBIT 3" shows a 11" 3M psi WP BOP consisting of an annular bag type preventer, middle blind rams, bottom pipe rams. The BOP will be nippled up on the 13-3/8" surface csg head & tested to 70% of csg burst. After intermediate csg is set & cemented an 11" 3M spool & BOP (2M if available) will be installed on the 8 5/8" casing & utilized continuously until total depth is reached. The BOP will be tested at 2000 psi, maximum surface pressure is not expected to exceed 2M psi, BHP is calculated to be approximately 2816 psi. *All BOP's and associated equipment will be tested as per BLM *Drilling Operations Order #2*. The BOP will be operated & checked each 24 hr period & the blind rams will be operated & checked when the drill pipe is out of the hole. Functional tests will be documented on the daily driller's log. *"EXHIBIT 3"* also shows a 3M psi choke manifold with a 3" blow down line. Full opening stabbing valve & Kelly cock will be on derrick floor in case of need. No abnormal pressures of temperatures are expected in this well. No nearby wells have encountered any problems.

6. PROPOSED MUD CIRCULATION SYSTEM: (Closed Loop System)

INTERVAL	MW (ppg)	VISC (sec/qt)	FLUID LOSS (cc)	MUD TYPE
0' – ~~205'~~ 380	8.4	29	NC	Fresh Water
~~205'~~ to 3500'	9.8 – 10.0	29	NC	Brine
3500' – ~~6500'~~ 6430	8.9 – 9.0	29	NC	Cut Brine

***** The necessary mud products for weight addition and fluid loss control will be on location at all times. In order to run open hole logs & casing, the above mud properties may have to be altered to meet these needs.***

7. AUXILIARY WELL CONTROL EQUIPMENT / MONITORING EQUIPMENT:

11" x 3000 psi Double BOP/Blind & pipe ram (2M if available)
4-1/2" x 3000 psi Kelly valve
11" x 3000 psi mud cross – H2S detector on production hole
Gate-type safety valve 3" choke line from BOP to manifold
2" adjustable chokes – 3" blow down line
Fill up line as per Onshore Order 2

8. LOGGING, CORING & TESTING PROGRAM: See COA

A. OH logs: Dual Laterolog, MSFL, CNL, Litho-Density, Gamma Ray, Caliper & Sonic from TD back to 8-5/8" csg shoe.
B. Run CNL, Gamma Ray from 8-5/8" csg shoe back to surface.
C. No cores, DST's or mud logger are planned at this time.
D. Additional testing will be initiated subsequent to setting the 5-1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows & drill stem tests.

9. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, however, the proposed mud program will be modified to increase the mud-weight. There is known presence of H_2S in this area. If H_2S is encountered the operator will comply with the provisions of *Onshore Oil & Gas Order No. 6.* No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP: 2816 psi and estimated BHT : 115°.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

Road and location construction will begin after BLM has approved APD. Anticipated spud date will be as soon after Santa Fe and BLM approval and as soon as rig will be available. Move in operations and drilling is expected to take 10 days. If production casing is run then an additional 90 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.

11. OTHER FACETS OF OPERATION:

After running csg, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Cedar Lake; Glorieta-Yeso formation will be perforated and stimulated in order to establish production. The well will be swab tested & potentialed as an oil well.

Apache

Apache

Eddy County, New Mexico (NAD 27)
Lee Federal
#56

Wellbore #1

Plan: Design #1

Standard Planning Report

30 August, 2012

MS Energy Services™
WWW.MSENERGYSERVICES.COM

Database:	Southern Region	**Local Co-ordinate Reference:**	Well #56
Company:	Apache	**TVD Reference:**	WELL @ 3704.00usft (Original Well Elev)
Project:	Eddy County, New Mexico (NAD 27)	**MD Reference:**	WELL @ 3704.00usft (Original Well Elev)
Site:	Lee Federal	**North Reference:**	Grid
Well:	#56	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Project	Eddy County, New Mexico (NAD 27)		
Map System:	US State Plane 1927 (Exact solution)	**System Datum:**	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Well	#56				
Well Position	**+N/-S**	667,195.40 usft	**Northing:**	667,195.40 usft	**Latitude:**	32° 50' 0.4232 N
	+E/-W	633,568.50 usft	**Easting:**	633,568.50 usft	**Longitude:**	103° 53' 54.536 W
Position Uncertainty		0 00 usft	**Wellhead Elevation:**		**Ground Level:**	3,704 00 usft

Wellbore Wellbore #1

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	WMM_2010	8/30/2012	7.65	60.66	48,822

Design Design #1

Audit Notes:

Version:		**Phase:**	PROTOTYPE	**Tie On Depth:**	0.00
Vertical Section:	**Depth From (TVD) (usft)**	**+N/-S (usft)**	**+E/-W (usft)**	**Direction (°)**	
	0.00	0 00	0.00	88.50	

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0 00	0.00	0.00	0.00	0.00	0.00	0 00	0 00	0 00	0.00	
1,450 00	0.00	0.00	1,450 00	0 00	0 00	0.00	0 00	0 00	0.00	
1,771.60	6.43	88.50	1,770 92	0 47	18 03	2 00	2.00	27.52	88 50	
6,430 00	6.43	88 50	6,400.00	14 10	539.70	0 00	0.00	0 00	0.00	PBHL v1 - Lee Federa

Database:	Southern Region	**Local Co-ordinate Reference:**	Well #56
Company:	Apache	**TVD Reference:**	WELL @ 3704 00usft (Original Well Elev)
Project:	Eddy County, New Mexico (NAD 27)	**MD Reference:**	WELL @ 3704.00usft (Original Well Elev)
Site:	Lee Federal	**North Reference:**	Grid
Well:	#56	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0 00	0.00	0 00	0.00	0 00	0.00	0.00	0.00	0 00	0.00
100.00	0.00	0 00	100 00	0 00	0.00	0 00	0 00	0 00	0.00
200 00	0 00	0 00	200.00	0 00	0.00	0.00	0 00	0 00	0 00
Rustler									
300 00	0 00	0 00	300 00	0 00	0.00	0 00	0 00	0 00	0 00
400 00	0 00	0 00	400 00	0 00	0.00	0 00	0 00	0 00	0 00
500 00	0 00	0.00	500.00	0 00	0.00	0.00	0 00	0.00	0 00
538 00	0 00	0.00	538 00	0 00	0 00	0.00	0 00	0 00	0 00
T/Salt									
600.00	0.00	0.00	600 00	0 00	0 00	0 00	0 00	0 00	0.00
700 00	0 00	0.00	700.00	0 00	0.00	0 00	0 00	0 00	0.00
800 00	0 00	0.00	800 00	0.00	0.00	0 00	0.00	0 00	0 00
900 00	0 00	0 00	900.00	0.00	0.00	0.00	0.00	0.00	0 00
1,000 00	0 00	0.00	1,000.00	0.00	0.00	0 00	0 00	0 00	0 00
1,100.00	0.00	0 00	1,100 00	0.00	0 00	0 00	0 00	0 00	0.00
1,200.00	0.00	0 00	1,200 00	0 00	0 00	0 00	0 00	0.00	0 00
1,293.00	0 00	0 00	1,293.00	0 00	0 00	0 00	0 00	0 00	0 00
B/Salt									
1,300 00	0 00	0 00	1,300.00	0.00	0.00	0 00	0 00	0 00	0 00
1,400.00	0 00	0 00	1,400.00	0 00	0.00	0 00	0.00	0.00	0 00
1,450 00	0 00	0.00	1,450.00	0.00	0.00	0 00	0.00	0 00	0.00
KOP, 2.00°/100' Build									
1,474 00	0.48	88.50	1,474 00	0 00	0.10	0.10	2 00	2.00	0 00
Yates									
1,500 00	1 00	88.50	1,500 00	0 01	0.44	0.44	2 00	2 00	0 00
1,600 00	3.00	88.50	1,599 93	0 10	3 92	3 93	2 00	2.00	0 00
1,700.00	5.00	88 50	1,699.68	0.28	10.90	10.90	2 00	2 00	0 00
1,771 60	6.43	88 50	1,770.92	0.47	18.03	18.03	2 00	2 00	0 00
Begin 6.43° Tangent									
1,800 00	6 43	88 50	1,799.15	0.55	21.21	21 21	0.00	0.00	0 00
1,900.00	6.43	88 50	1,898.52	0 85	32.41	32.42	0 00	0.00	0 00
2,000 00	6.43	88 50	1,997 89	1 14	43 60	43 62	0 00	0 00	0 00
2,100 00	6 43	88 50	2,097 26	1.43	54.80	54 82	0 00	0 00	0.00
2,200 00	6.43	88 50	2,196 63	1 72	66.00	66.02	0 00	0 00	0.00
2,300 00	6 43	88 50	2,296 00	2 02	77.20	77.23	0 00	0 00	0 00
2,400 00	6 43	88.50	2,395.37	2 31	88.40	88.43	0 00	0 00	0.00
2,500 00	6 43	88 50	2,494 74	2.60	99.60	99 63	0 00	0 00	0 00
2,600 00	6.43	88 50	2,594 11	2 89	110 80	110 83	0 00	0 00	0 00
2,700 00	6 43	88 50	2,693 48	3 19	121 99	122.04	0 00	0.00	0 00
2,724 67	6.43	88 50	2,718 00	3 26	124.76	124 80	0.00	0.00	0 00
Grayburg									
2,800 00	6.43	88.50	2,792.85	3.48	133.19	133.24	0 00	0 00	0 00
2,900.00	6 43	88.50	2,892.22	3.77	144.39	144.44	0.00	0 00	0 00
3,000 00	6.43	88 50	2,991 59	4 06	155.59	155.64	0.00	0 00	0 00
3,092 99	6 43	88 50	3,084 00	4 34	166.00	166.06	0 00	0 00	0.00
San Andres									
3,100 00	6.43	88 50	3,090 96	4.36	166.79	166 84	0 00	0 00	0 00
3,200.00	6 43	88.50	3,190.33	4.65	177.99	178.05	0.00	0 00	0.00
3,300 00	6.43	88 50	3,289 70	4 94	189.19	189 25	0.00	0.00	0.00
3,400 00	6 43	88.50	3,389 08	5 24	200.38	200.45	0.00	0.00	0.00
3,500 00	6 43	88 50	3,488.45	5.53	211.58	211.65	0 00	0.00	0.00
3,600.00	6.43	88 50	3,587.82	5.82	222.78	222.86	0.00	0 00	0 00
3,700 00	6 43	88 50	3,687 19	6 11	233.98	234.06	0.00	0.00	0.00

Database:	Southern Region	**Local Co-ordinate Reference:**	Well #56
Company:	Apache	**TVD Reference:**	WELL @ 3704.00usft (Original Well Elev)
Project:	Eddy County, New Mexico (NAD 27)	**MD Reference:**	WELL @ 3704.00usft (Original Well Elev)
Site:	Lee Federal	**North Reference:**	Grid
Well:	#56	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
3,800 00	6.43	88 50	3,786 56	6.41	245.18	245.26	0 00	0 00	0 00
3,900 00	6 43	88.50	3,885 93	6.70	256.38	256.46	0 00	0.00	0 00
4,000 00	6 43	88 50	3,985 30	6.99	267 58	267 67	0 00	0.00	0.00
4,100 00	6.43	88 50	4,084 67	7.28	278 77	278 87	0 00	0 00	0.00
4,200 00	6 43	88 50	4,184.04	7.58	289 97	290 07	0.00	0 00	0 00
4,300 00	6.43	88 50	4,283.41	7.87	301 17	301 27	0 00	0 00	0 00
4,400.00	6.43	88 50	4,382.78	8.16	312 37	312 48	0 00	0 00	0.00
4,500 00	6.43	88 50	4,482.15	8.45	323 57	323 68	0 00	0 00	0 00
4,586 39	6 43	88 50	4,568.00	8.71	333 24	333 36	0 00	0 00	0.00
Glorieta									
4,600 00	6 43	88.50	4,581 52	8 75	334 77	334.88	0 00	0 00	0 00
4,653 82	6.43	88 50	4,635.00	8 90	340 79	340 91	0.00	0 00	0.00
Paddock									
4,700.00	6 43	88.50	4,680.89	9.04	345.97	346 08	0 00	0.00	0 00
4,800.00	6 43	88 50	4,780.26	9.33	357 16	357 29	0 00	0.00	0 00
4,900.00	6 43	88 50	4,879.63	9.62	368 36	368 49	0.00	0 00	0 00
5,000 00	6.43	88 50	4,979.00	9.92	379 56	379 69	0.00	0 00	0 00
5,100 00	6.43	88.50	5,078 37	10 21	390 76	390 89	0 00	0 00	0 00
5,168 05	6 43	88 50	5,146 00	10.41	398 38	398 52	0.00	0 00	0 00
Blinebry									
5,200 00	6 43	88 50	5,177.75	10.50	401 96	402 10	0 00	0.00	0.00
5,300 00	6 43	88 50	5,277.12	10 79	413 16	413.30	0 00	0 00	0.00
5,400 00	6.43	88 50	5,376 49	11.09	424 36	424.50	0 00	0.00	0 00
5,500 00	6.43	88 50	5,475.86	11 38	435 55	435.70	0 00	0.00	0.00
5,600 00	6.43	88 50	5,575.23	11 67	446 75	446.90	0.00	0.00	0.00
5,700.00	6.43	88 50	5,674.60	11 96	457 95	458.11	0.00	0 00	0.00
5,800.00	6 43	88 50	5,773 97	12 26	469 15	469 31	0 00	0 00	0 00
5,900 00	6 43	88 50	5,873 34	12 55	480.35	480.51	0 00	0 00	0 00
6,000.00	6 43	88.50	5,972 71	12.84	491 55	491.71	0 00	0 00	0.00
6,100 00	6.43	88 50	6,072.08	13 13	502.75	502 92	0 00	0 00	0 00
6,132 12	6.43	88 50	6,104.00	13 23	506 34	506 52	0 00	0 00	0.00
Tubb									
6,200 00	6.43	88 50	6,171.45	13.43	513.94	514 12	0.00	0 00	0 00
6,300 00	6 43	88 50	6,270.82	13.72	525.14	525 32	0 00	0.00	0 00
6,400.00	6.43	88 50	6,370.19	14.01	536 34	536 52	0 00	0 00	0 00
6,430.00	6 43	88 50	6,400.00	14.10	539.70	539 88	0 00	0 00	0.00
PBHL									

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
PBHL v1 - Lee Federal # - plan hits target center - Point	0.00	0 00	6,400 00	14 10	539.70	667,209 50	634,108.20	32° 50' 0 5407 N	103° 53' 48 210 W

Database:	Southern Region	**Local Co-ordinate Reference:**	Well #56
Company:	Apache	**TVD Reference:**	WELL @ 3704 00usft (Original Well Elev)
Project:	Eddy County, New Mexico (NAD 27)	**MD Reference:**	WELL @ 3704.00usft (Original Well Elev)
Site:	Lee Federal	**North Reference:**	Grid
Well:	#56	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Formations

Measured Depth (usft)	Vertical Depth (usft)	Name	Lithology	Dip (°)	Dip Direction (°)
200 00	200 00	Rustler		0 00	
538 00	538.00	T/Salt		0 00	
1,293 00	1,293 00	B/Salt		0 00	
1,474.00	1,474.00	Yates		0 00	
2,724 67	2,718.00	Grayburg		0.00	
3,092 99	3,084 00	San Andres		0 00	
4,586 39	4,568 00	Glorieta		0 00	
4,653.82	4,635 00	Paddock			
5,168 05	5,146.00	Blinebry			
6,132 12	6,104.00	Tubb			

Plan Annotations

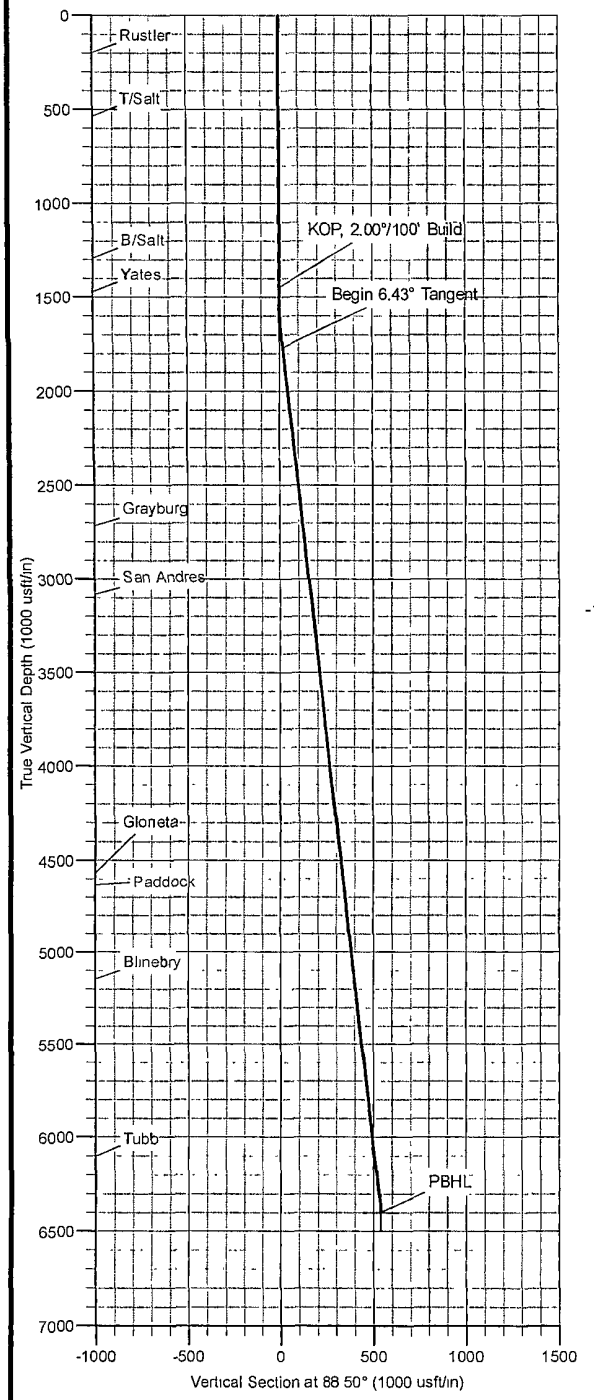
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates +N/-S (usft)	Local Coordinates +E/-W (usft)	Comment
1,450 00	1,450 00	0 00	0 00	KOP, 2 00°/100' Build
1,771.60	1,770.92	0.47	18.03	Begin 6 43° Tangent
6,430 00	6,400.00	14.10	539.70	PBHL

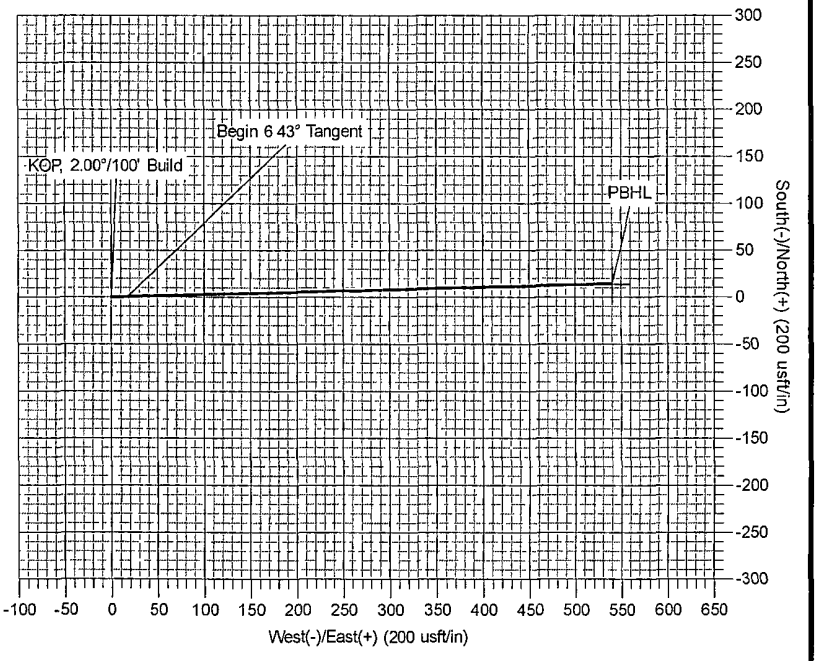
Company: Apache
Site: Lee Federal
Well: #56
Project: Eddy County, New Mexico (NAD 27)
Rig Name: Original Well Elev

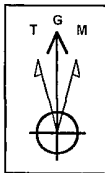
MS Energy Services
WWW.MSENERGYSERVICES.COM
Planning 936 442 2510 Fax 936 442 2515
Operations 936 442 2500 Fax. 936 442 2599

ANNOTATIONS

MD	Inc	Azi	TVD	+N/-S	+E/-W	VSect	Departure	Annotation
1450.00	0 00	0 00	1450.00	0 00	0 00	0.00	0.00	KOP, 2 00°/100' Build
1771.60	6 43	88 50	1770 92	0.47	18 03	18.03	18.03	Begin 6.43° Tangent
6430.00	6.43	88.50	6400.00	14.10	539 70	539 88	539 88	PBHL





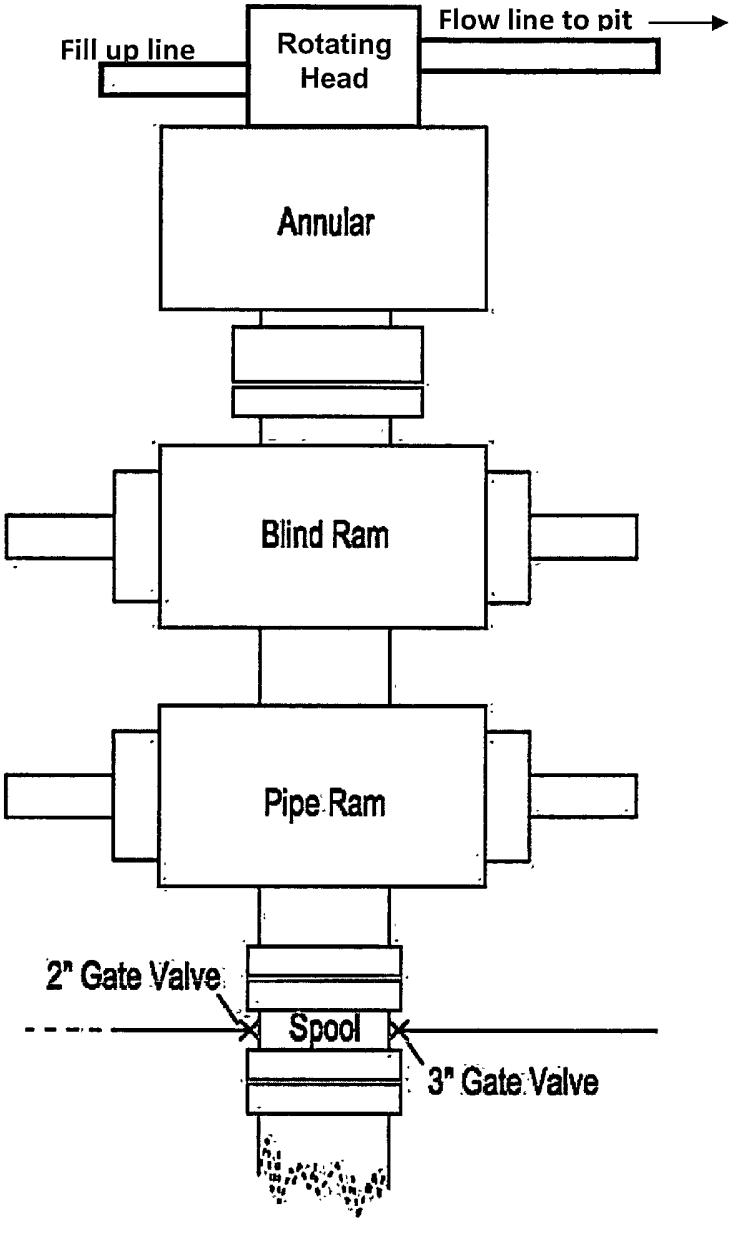


Azimuths to Grid North
True North -0 24°
Magnetic North 7 42°

Magnetic Field
Strength 48821 8snT
Dip Angle. 60 66°
Date 8/30/2012
Model WMM_2010

US State Plane 1927 (Exact solution)
New Mexico East 3001

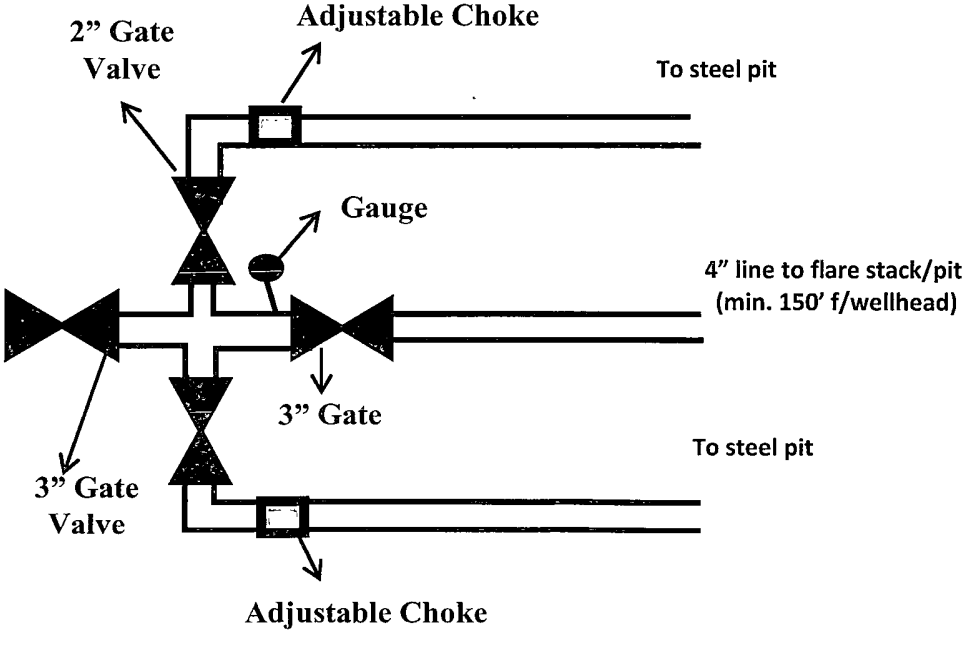
Created By Vanessa Scott
Date 14 06, August 30 2012
Plan Design #1



3M psi BOPE & Choke Manifold

Exhibit 3

All valve & lines on choke manifold are 2" unless noted.
Exact manifold configuration may vary



DESIGN PLAN, OPERATING & MAINTENANCE PLAN, & CLOSURE PLAN
FOR OCD FOR C-144

LEE FEDERAL #56

DESIGN PLAN

Fluid & cuttings coming from drilling operations will pass over the Shale Shaker with the cuttings going to the Sundance Inc / CRI haul off bin and the cleaned fluid returning to the working steel pits.

Equipment includes:

2 – 500 bbl steel frac tanks (fresh water for drilling)
2 – 180 bbl steel working pits
3 – 75 bbl steel haul off bins
2 – Pumps (6-1/2" x 10" PZ 10 or equivalent)
1 – Shale shaker
1 – Mud cleaner – QMAX MudStripper

OPERATING AND MAINTENANCE PLAN

Inspection to occur every tour for proper operation of system and individual components. If any problems are found they will be repaired and/or corrected immediately.

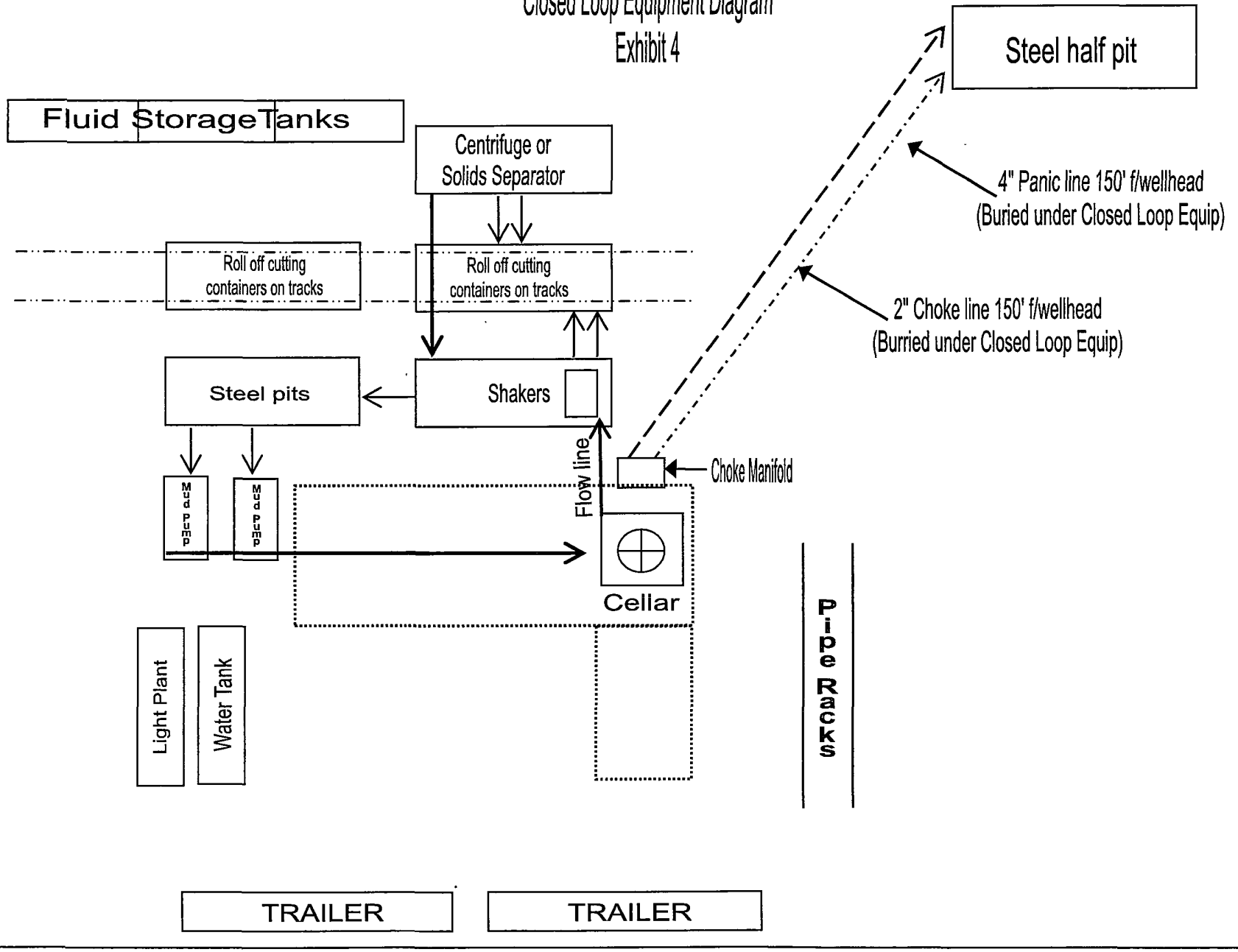
CLOSURE PLAN

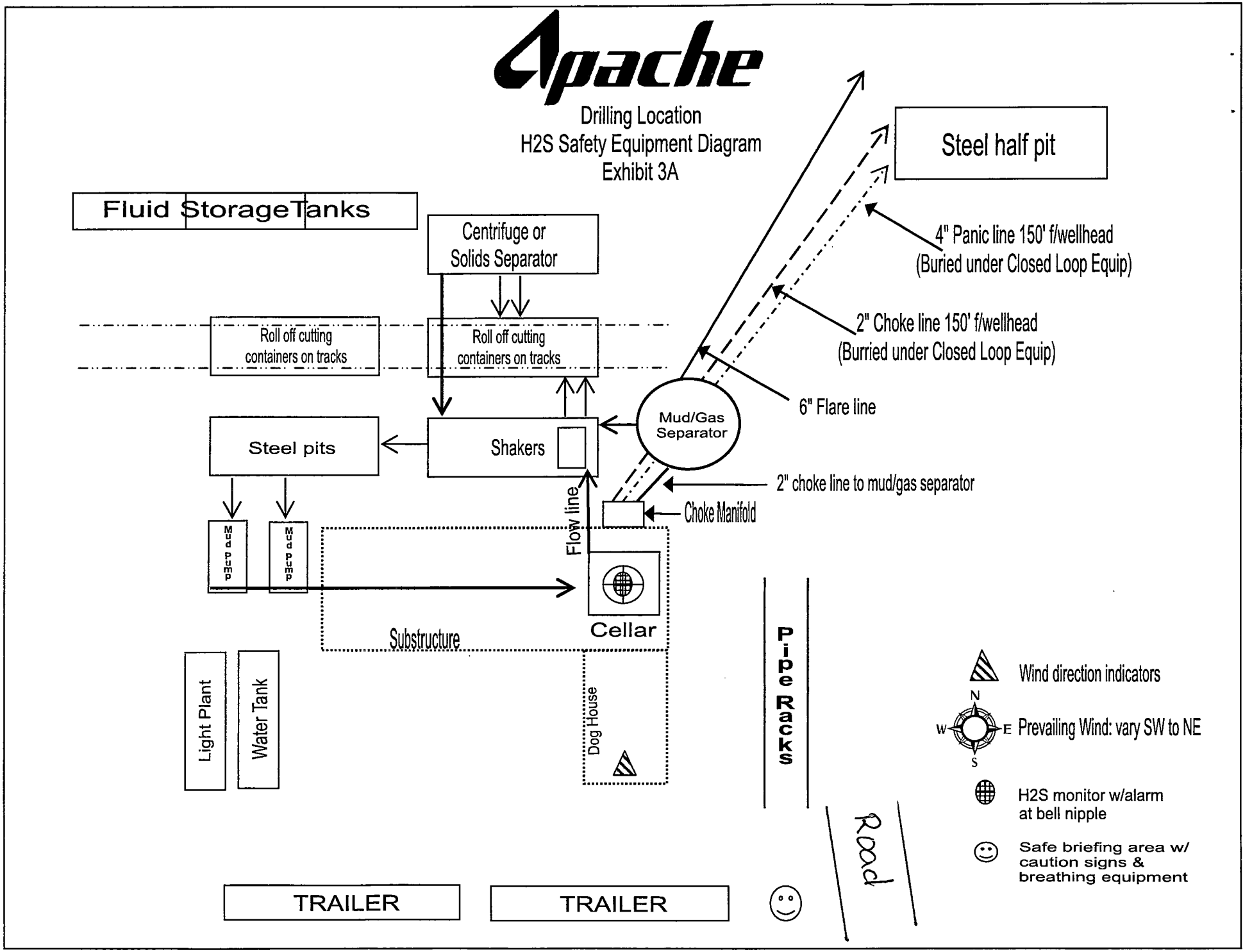
All haul bins containing cuttings will be removed from location and hauled to Sundance Incorporated (NM-01-0003) disposal site located 3 miles East of Eunice, NM on the Texas border / Controlled Recovery, Inc's (NM-01-0006) disposal site located near mile marker 66 on Highway 62/180.

Sorina L. Flores
Supv. of Drilling Services

Apache

Closed Loop Equipment Diagram
Exhibit 4




Apache
Drilling Location
H2S Safety Equipment Diagram
Exhibit 3A
Steel half pit
Fluid StorageTanks
Centrifuge or
Solids Separator
4" Panic line 150' f/wellhead
(Buried under Closed Loop Equip)
Roll off cutting
containers on tracks
Roll off cutting
containers on tracks
2" Choke line 150' f/wellhead
(Burried under Closed Loop Equip)
6" Flare line
Mud/Gas
Separator
Steel pits
Shakers
2" choke line to mud/gas separator
Choke Manifold
Flow line
Mud Pump
Mud Pump
Cellar
Substructure
Pipe Racks
Light Plant
Water Tank
Dog House
Wind direction indicators
N
W
E
S
Prevailing Wind: vary SW to NE
H2S monitor w/alarm
at bell nipple
Safe briefing area w/
caution signs &
breathing equipment
TRAILER
TRAILER
Road

HYDROGEN SULFIDE (H_2S) DRILLING OPERATIONS PLAN

Hydrogen Sulfide Training:

All regularly assigned personnel, contracted or employed by Apache Corporation will receive training from qualified instructor(s) in the following areas prior to commencing drilling possible hydrogen sulfide bearing formations in this well:

- The hazards and characteristics of hydrogen sulfide (H_2S)
- The proper use and maintenance of personal protective equipment and life support systems.
- The proper use of H_2S detectors, alarms, warning systems, briefing area, evacuation procedures & prevailing winds.
- The proper techniques for first aid and rescue procedures.

Supervisory personnel will be trained in the following areas:

- The effects of H_2S on metal components. If high tensile tubulars are to be utilized, personnel will be trained in their special maintenance requirements.
- Corrective action & shut-in procedures when drilling or reworking a well & blowout prevention / well control procedures.
- The contents and requirements of the H_2S Drilling Operations Plan

There will be an initial training session just prior to encountering a known or probable H_2S zone (within 3 days or 500') and weekly H_2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H_2S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received proper training.

H_2S SAFETY EQUIPMENT AND SYSTEMS:

Well Control Equipment that will be available & installed if H_2S is encountered:

- Flare Line with electronic igniter or continuous pilot.
- Choke manifold with a minimum of one remote choke.
- Blind rams & pipe rams to accommodate all pipe sizes with properly sized closing unit.
- Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head & flare gun with flares

Protective Equipment for Essential Personnel:

- Mark II Survive-air 30 minute units located in dog house & at briefing areas, as indicated on wellsite diagram.

H2S Dection and Monitoring Equipment:

- Two portable H_2S monitors positioned on location for best coverage & response. These units have warning lights & audible sirens when H_2S levels of 20 ppm are reached.
- One portable H_2S monitor positioned near flare line.

H2S Visual Warning Systems:

- Wind direction indicators are shown on wellsite diagram.
- Caution / Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate.

Mud Program:

- The Mud Program has been designed to minimize the volume of H_2S circulated to the surface. Proper mud weights, safe drilling practices & the use of H_2S scavengers will minimize hazards when penetrating H_2S bearing zones.
- A mud-gas separator and H_2S gas buster will be utilized as needed.

Metallurgy:

- All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold & lines, & valves will be suitable for H_2S service.
- All elastomers used for packing & seals shall be H_2S trim.

Communication:

- Cellular telephone and 2-way radio communications in company vehicles, rig floor and mud logging trailer.

HYDROGEN SULFIDE (H_2S) CONTINGENCY PLAN

Assumed 100 ppm ROE = 3000'

100 ppm H_2S concentration shall trigger activation of this plan.

Emergency Procedures

In the event of a release of gas containing H_2S, the first responder(s) must

- Isolate the area and prevent entry by other persons into the 100 ppm ROE.
- Evacuate any public places encompassed by the 100 ppm ROE.
- Be equipped with H_2S monitors and air packs in order to control the release.
- Use the "buddy system" to ensure no injuries occur during the response
- Take precautions to avoid personal injury during this operation.
- Contact operators and/or local officials to aid in operation. See list of phone numbers attached.
- Have received training in the :
    - Detection of H_2S, and
    - Measures for protection against the gas,
    - Equipment used for protection and emergency response.

Ignition of Gas source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO_2). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever this is an ignition of the gas.

Characteristics of H_2S and SO_2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H_2S	1.189 Air = I	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO_2	2.21 Air = I	2 ppm	N/A	1000 ppm

Contacting Authorities

Apache Corporation personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release. Apache's response must be in coordination with the State of New Mexico's *"Hazardous Materials Emergency Response Plan" (HMER).*

WELL CONTROL EMERGENCY RESPONSE PLAN

I. GENERAL PHILOSOPHY

Our objective is to ensure that during an emergency, a predetermined procedure is followed so that prompt decisions can be made based on accurate information.

The best way to handle and emergency is with an experienced organization set up for the sole purpose of solving the problem. The *Well Control Emergency Response Team* was organized to handle dangerous & expensive well control problems. The *Team* is structured such that each individual can contribute the most from his area of expertise. Key decision-makers are determined prior to an emergency to avoid confusion about who is in charge.

If the well is flowing uncontrolled at the surface or subsurface, *The Emergency Response Team* will be mobilized. The *Team* is customized for the people currently on the Apache staff. Staff changes may require a change in the plan.

II. EMERGENCY PROCEDURE ON DRILLING OR COMPLETION OPERATIONS

A. In the event of an emergency the *Drilling Foreman or Tool-Pusher* will immediately contact only one of the following starting with the first name listed:

Name	Office	Mobile	Home
Danny Laman – Drlg Superintendent	432-818-1022	432-634-0288	432-520-3528
Bob Lange – Drilling Engineer	432-818-1114	432-661-6404	
Bobby Smith – Drilling Manager	432-818-1020	432-556-7701	
Jeff Burt – EH&S Coordinator		432-631-9081	

***This one phone call will free the Drilling Foreman to devote his full time to securing the safety of personnel & equipment. This call will initiate the process to mobilize the Well Control Emergency Response Team. Apache maintains an Emergency Telephone Conference Room in the Houston office. This room is available for us by the Permian Region. The room has 50 separate telephone lines.*

B. The Apache employee contacted by the Drilling Foreman will begin contacting the rest of the *Team*. If **Danny Laman** is out of contact**, Bob Lange** will be notified.

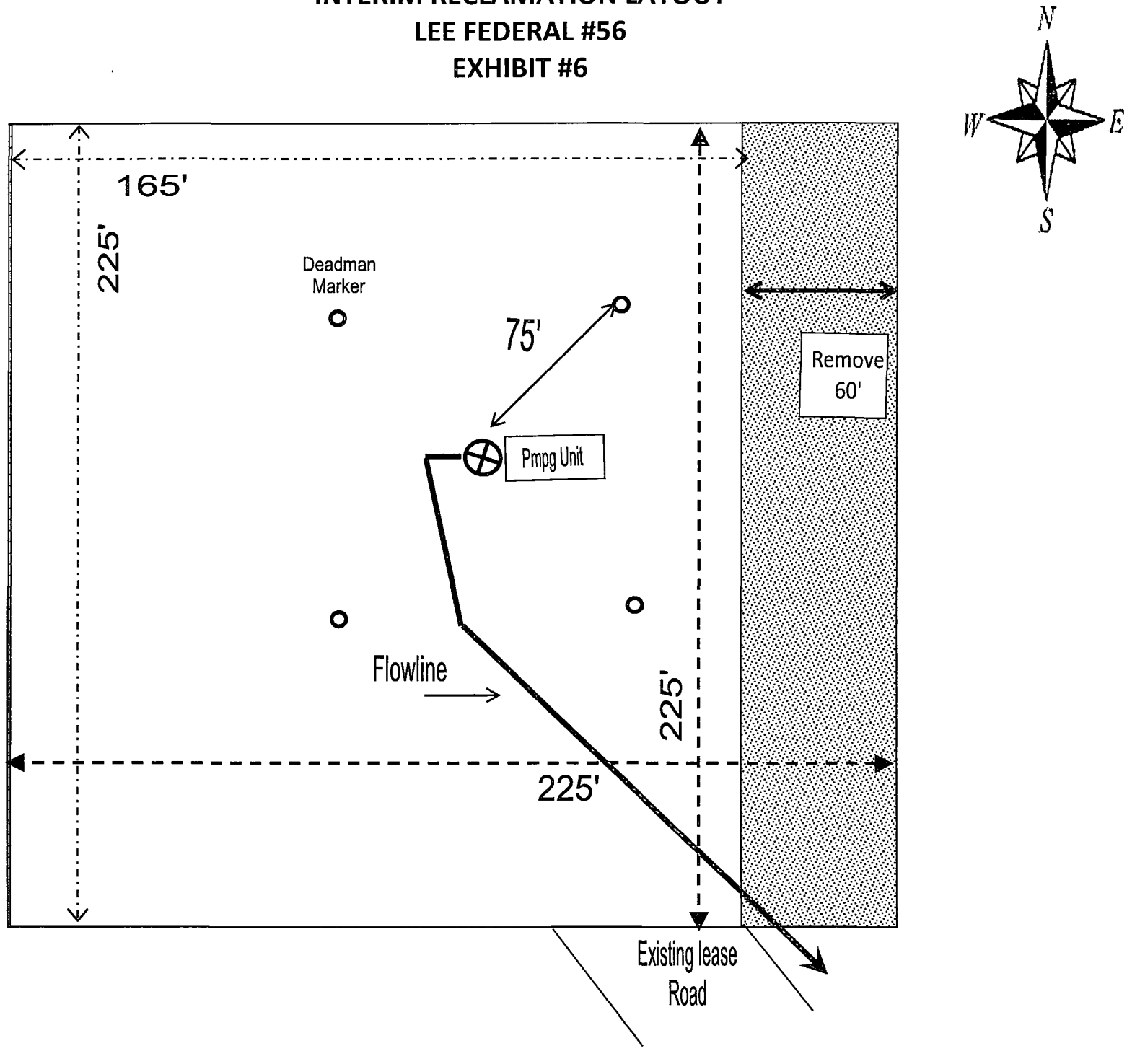
C. If a member of the *Emergency Response Team* is away from the job, he must be available for call back. Telephone numbers should be left with secretaries or a key decision-maker.

D. Apache's reporting procedure for spills or releases of oil or hazardous materials will be implemented when spills or releases have occurred or are probable.

EMERGENCY RESPONSE NUMBERS:

SHERIFF DEPARTMENT	
Eddy County	575-887-7551
Lea County	575-396-3611
FIRE DEPARTMENT	911
Artesia	575-746-5050
Carlsbad	575-885-2111
Eunice	575-394-2111
Hobbs	575-397-9308
Jal	575-395-2221
Lovington	575-396-2359
HOSPITALS	911
Artesia Medical Emergency	575-746-5050
Carlsbad Medical Emergency	575-885-2111
Eunice Medical Emergency	575-394-2112
Hobbs Medical Emergency	575-397-9308
Jal Medical Emergency	575-395-2221
Lovington Medical Emergency	575-396-2359
AGENT NOTIFICATIONS	
Bureau of Land Management	575-393-3612
New Mexico Oil Conservation Division	575-393-6161

INTERIM RECLAMATION LAYOUT
LEE FEDERAL #56
EXHIBIT #6



PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	APACHE CORPORATION
LEASE NO.:	NMLC029395B
WELL NAME & NO.:	56 LEE FEDERAL
SURFACE HOLE FOOTAGE:	2300' FSL & 450' FWL
BOTTOM HOLE FOOTAGE	
LOCATION:	Section 17, T.17 S., R.31 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.